

Keep track of these clever caterpillars

IT SHOULD be fun this morning to be up in Leeds at the BBBC — the unofficial British Bio-Tech Boffins Club. They will be celebrating the stock market debut of Semperviva, their latest member, and looking forward to the launch of a couple more before Christmas, Stock Exchange red tape permitting.

The BBBC does not really exist, though there is something very like it at the offices of stockbrokers Allied Provincial.

Hammered

Broker Andrew Priestley and his team are creating an important centre for raising cash for scientists in this country, and giving small investors the chance of a calculated gamble on backing remarkable British ideas.

It all started when Priestley met the men behind ML Laboratories in a pub in Jersey, and heard they had a breakthrough in developing a glucose polymer for treating kidney failure.

Set to float when the October '87 Crash hammered shares, they ploughed on, halving the issue price to 70p.

Two years and one deep discounted rights issue later, the shares are 440p, and the company is much



BY
**MICHAEL
WALTERS**

stronger. The original kidney treatment still has some way to go, but has been joined by other ideas, including an antidote for the deadly paraquat pesticide. Profits? Don't ask.

In December 1988, Allied floated Haemocell at 85p. Now the shares are 220p. Before Christmas, the company expects to launch a cell separator which filters a patient's own blood, and allows it to be returned to the body.

That reduces the danger of infection, and removes problems which follow as blood from a foreign body fights to be accepted. Again, the company is full of promise, devoid of profits — so far.

Semperviva is the third Allied bio-tech issue. It may be familiar to long-suffering readers. I spotted it on the Over The Counter market in June 1985, tipped it as a wild speculation, and later bought a few myself.

I still have them, and have watched the company very nearly go under.

It began as an abandoned research

project at Tate & Lyle, staggered on in the garage of chairman Fraser Imrie, and now dreams of using sugar technology as a magical answer to all sorts of problems.

The original Semperviva powder made a harmless way of retarding the ripening of fruit.

Further refinements could include a cure for acne, and an environmentally friendly pesticide. The company made a small profit last year, but plans for a State-supported production plant in China have been badly delayed by the impact of Tiananmen Square.

Allied are raising £2.1m through a placing at 40p (way below the price at which I tipped the shares in 1985). That gives the company reasonable cash resources for research and development at last.

Stunning

Semperviva could still be a stunning gamble — or a flop. Soon Allied hope to raise £2m for BioCure Holdings, which is researching products to help cure cancer, and heal wounds and burns.

Started as a Business Expansion Scheme issue at 21p last January, this is looking to raise £2m more.

And then there are the caterpillars. They work for Oxford Virology. And they are wonderful.

Oxford feeds antigens to special caterpillars, which reproduce nearly

half of their bodyweight in high value proteins.

Cheaper and safer than other alternatives, these can be used in a variety of applications, helping combat AIDS and fevers. There may be a vast and profitable market in testing cholesterol levels. Allied hopes to raise over £7m for Oxford.

Wonderful and worthy as it all sounds, nobody should get carried away too far. Discovering and developing the kind of products these companies are working on is tough enough.

Getting them to saleable form at sensible prices is even tougher. Actually selling them in commercially viable quantities requires another great leap forward. Semperviva, for example, has had what appears to be a remarkably attractive product for at least four years, and has lost a great deal of money with it.

All of the companies are traded on the Third Market, where prices can be volatile. And the Stock Exchange is making it increasingly difficult to continue floating such companies.

That should not be. The Allied experience is exciting. And is it an enormously valuable way of raising venture capital at reasonable rates, for British scientists.

Others are flocking to the door. Long may it prosper — even if the shares are all highly speculative.

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Michael Walters.

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